

CABINET FOR HEALTH AND FAMILY SERVICES
Department for Community Based Services
Division of Child Care
(New Administrative Regulation)

922 KAR 2:270. Kentucky All STARS quality-based graduated early childhood rating system for licensed child-care centers and certified family child-care homes.

RELATED TO: KRS Chapter 13B, 158.030, 199.894, 199.8941, 199.8943, 199.896(4), 199.8982, 199.990, 45 C.F.R. 98, 42 U.S.C. 601-619, 9857-9858q,

STATUTORY AUTHORITY: KRS 194A.050(1), 199.8941(1), 199.8943(3)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 194A.050(1) requires the Secretary of the Cabinet for Health and Family Services to promulgate administrative regulations necessary under applicable state laws to protect, develop, and maintain the health, personal dignity, integrity, and sufficiency of the individual citizens of the Commonwealth. KRS 199.8943(3) requires the Cabinet for Health and Family Services, in consultation with the Early Childhood Advisory Council, to promulgate administrative regulations that implement a quality-based graduated child care rating system for public-funded child care and certified family child-care homes; agency time frames of reviews for quality ratings; an appellate process under KRS Chapter 13B; and the ability of providers to request reevaluation for ratings. KRS 199.8941(1) requires the Early Childhood Advisory Council to develop a program of monetary incentives tied to participation in a quality rating system. This administrative regulation establishes the Kentucky All STARS Program, a quality-based graduated early childhood rating system, and monetary incentive awards for licensed child-care centers and certified family child-care homes, to the extent funding is available.

Section 1. Definitions. (1) "Cabinet" is defined by KRS 199.894(1).

(2) "Child Care Assistance Program" or "CCAP" means Kentucky's child care subsidy program providing families, who meet the eligibility requirements of 922 KAR 2:160, with the financial resources to find and afford quality child care.

(3) "Child-care center" is defined by KRS 199.894(3).

(4) "Environment assessment" means one (1) of four (4) rating scales designed to assess quality in an early childhood or school-age care group, and consists of the following items to evaluate:

- (a) Physical environment;
- (b) Basic care;
- (c) Curriculum;
- (d) Interaction;
- (e) Schedule and program structure; and
- (f) Parent and staff education.

(5) "Family child-care home" is defined by KRS 199.894(5).

(6) "Infant" means an age group of children who are less than twelve (12) months of age.

(7) "Issue date" means the date the quality-rating certificate is issued by the cabinet or its designee.

(8) "Kentucky All STARS Program" or "STARS" means the quality-based graduated early childhood rating system in accordance with KRS 199.8943.

(9) "Preschool" means an age group of children who are older than a toddler and younger than school-age.

(10) "Provider" means the entity providing child care services, including:

- (a) A Type I child-care center;
- (b) A Type II child-care center; or
- (c) A certified family child-care home.

(11) "Public funds" means local, state, or federal funding.

(12) "Rating visit" means a visit conducted by the cabinet or its designee using the environment assessment tool to inform a child care provider's quality-rating level.

(13) "Renewal month" means the month that a child care provider's license or certification is to be renewed with the Office of Inspector General, Division of Regulated Child Care.

(14) "School-age" means an age group of children who meet the age requirements of KRS 158.030 or who attend kindergarten, elementary, or secondary education.

(15) "Toddler" means an age group of children who are between the age of twelve (12) months and thirty-six (36) months.

(16) "Type I child-care center" means a child-care center licensed to regularly provide child care services for:

(a) Four (4) or more children in a nonresidential setting; or

(b) Thirteen (13) or more children in a residential setting with designated space separate from the primary residence of a licensee.

(17) "Type II child-care center" means the primary residence of the licensee in which child care is regularly provided for at least seven (7), but not more than twelve (12), children including children related to the licensee.

Section 2. Provider Participation. (1) A provider receiving public funds shall participate in STARS upon preliminary licensure or certification.

(2) A provider with a preliminary license in accordance with 922 KAR 2:090 shall participate at a STARS Level 1.

(3) A provider with a regular license in accordance with 922 KAR 2:090 or certification in accordance with 922 KAR 2:100 shall participate in STARS:

(a) At a Level 1; or

(b) As a Level 2 through Level 5 for which the provider applies and qualifies in accordance with this administrative regulation.

(4) A provider not receiving public funds shall participate in STARS unless the provider waives participation by completing the DCC-433, Kentucky All STARS Opt-Out Request.

Section 3. Application for Levels 2 through 5. (1) If a provider seeks participation in STARS as a Level 2 through 5, the provider shall:

(a) Complete the DCC-432, Kentucky All STARS Standards of Quality Verification Checklist; and

(b) Submit evidence documentation supporting each of the provider's responses within the DCC-432 to the cabinet or its designee.

(2) The cabinet or its designee shall:

(a) Require an onsite STARS quality-rating visit to include an environment assessment for a provider seeking a Level 3 through 5.

1. An environment assessment for a licensed child-care center shall be completed during each onsite quality-rating visit for at least one-third (1/3) of the total number of classrooms, including at least one (1) classroom for each age group for which the child-care center provides care:

- a. Infant;
- b. Toddler;
- c. Preschool; and

d. School age.

2. An environment assessment for a certified provider shall be completed during each onsite quality-rating visit by using the appropriate scale;

(b) Contact the provider within fourteen (14) calendar days from the receipt of the provider's application in accordance with subsection (1) of this section to schedule the onsite quality-rating visit for a provider seeking a Level 3 through 5; and

(c) Reach an agreement with the provider for a two (2) week time period during which the onsite quality-rating visit in accordance with paragraph (a) of this subsection shall occur.

(3)(a) The cabinet or its designee shall issue a determination on a provider's application in accordance with subsection (1) of this section within sixty (60) calendar days from the date of the application's submission or the onsite quality-rating visit, whichever is later.

(b) The determination issuance pursuant to paragraph (a) of this subsection shall include:

1. A letter identifying the STARS level for which the provider qualifies in accordance with this administrative regulation;

2. The DCC-430, Kentucky All STARS Quality Rating Summary Report, detailing points awarded and environment rating results for the provider; and

3. A non-transferable quality-rating certificate.

(4) If the provider continues to qualify for the STARS level in accordance with this administrative regulation, the provider's quality-rating certificate issued in accordance with subsection (3) of this section shall:

(a) Be valid for three (3) years; and

(b) Expire in the provider's renewal month that most approximates three (3) years from the issue date unless the provider renews the STARS certificate in accordance with Section 7 of this administrative regulation.

(5) For the purpose of re-determining a provider's quality-rating, a provider participating in STARS may submit a new application for advancement to a STARS Level 2 through 5:

(a) After three (3) months from the issue date of the provider's STARS certificate; and

(b) No more than two (2) times in a twelve (12) month period.

Section 4. All STARS Quality-Rating Level Requirements. (1)(a) The cabinet or its designee shall determine a provider's level using the following four (4) domains:

1. Family and community engagement, which may include professional development related to family engagement, implementation of family engagement initiatives, and partnership building with community agencies for a maximum of ten (10) points to the provider;

2. Classroom and instructional quality, which may include the use of developmental screenings, curriculum, and assessments for a maximum of twenty (20) points to the provider;

3. Staff qualifications and professional development, which may include the hours of staff training, professional development plans for staff that align with state requirements, and staff credentials for a maximum of ten (10) points to the provider; and

4. Administrative and leadership practices, which may include time for lesson plan development, implementation of a continuous improvement plan, and provision of staff benefits, such as time off or health insurance, for a maximum of ten (10) points to the provider.

(b) The cabinet or its designee shall use the criteria in the DCC-431, Kentucky All STARS Standards of Quality, to determine points awarded in each domain.

(2) A provider in STARS holding a Level 1 quality-rating certificate shall meet regulatory requirements in accordance with 922 KAR Chapter 2.

(3) A provider in STARS holding a Level 2 quality-rating certificate shall meet the following requirements:

(a) Fifty (50) percent of the provider's teaching staff has participated in professional devel-

opment activities concerning developmental screening:

1. At initial application; or
2. During the preceding certification period if the provider is renewing the provider's STARS certificate;

(b) The provider has completed an environment self-assessment using a valid and reliable tool appropriate for the ages or settings of children served;

(c) The provider or director for the provider has:

1. Received ten (10) hours of professional learning in curriculum, instructional practices, teaching, or learning:

a. At initial application; or

- b. During the preceding certification period if the provider is renewing the provider's STARS certificate; or

2. An early childhood credential or degree; and

(d) Fifty (50) percent of teaching staff has:

1. Received ten (10) hours of professional learning in curriculum, instructional practices, teaching, or learning:

a. At initial application; or

- b. During the preceding certification period if the provider is renewing the provider's STARS certificate; or

2. An early childhood credential or degree.

(4) A provider in STARS holding a Level 3 quality-rating certificate shall meet the following requirements:

(a) Level 2 requirements in accordance with subsection (3) of this section;

(b) Twenty-one (21) to thirty (30) points total in all four (4) domains with:

1. A minimum of two (2) points in each of the following domains:

a. Family and community engagement;

b. Staff qualifications and professional development; and

c. Administrative and leadership practices;

2. A minimum of eight (8) points in classroom and instructional quality; and

3. A minimum of seven (7) points of the provider's choice from any one (1) or more of the domains to the extent the points have not otherwise been taken into consideration in determining if the provider meets the requirements necessary to attain a STARS Level 3 quality-rating certificate; and

(c) Completion of an environment assessment conducted by the cabinet or its designee.

(5) A provider in STARS holding a Level 4 quality-rating certificate shall meet the following requirements:

(a) Level 2 requirements in accordance with subsection (3) of this section; and

(b) Thirty-one (31) to forty (40) points total in all four (4) domains with:

1. A minimum of two (2) points in each of the following domains:

a. Family and community engagement;

b. Staff qualifications and professional development; and

c. Administrative and leadership practices;

2. A minimum of eight (8) points in classroom and instructional quality; and

3. A minimum of seventeen (17) points of the provider's choice from any two (2) or more of the domains to the extent the points have not otherwise been taken into consideration in determining if the provider meets the requirements necessary to attain a STARS Level 4 quality-rating certificate; and

(c) Completion of an environment assessment conducted by the cabinet or its designee with a minimum score of four (4) per classroom observed.

(6) A provider in STARS holding a Level 5 quality-rating certificate shall meet the following requirements:

(a) Level 2 requirements in accordance with subsection (3) of this section;

(b) Forty-one (41) to fifty (50) points total in all four (4) domains with:

1. A minimum of two (2) points in each of the following domains:

a. Family and community engagement;

b. Staff qualifications and professional development; and

c. Administrative and leadership practices;

2. A minimum of eight (8) points in classroom and instructional quality; and

3. A minimum of twenty-seven (27) points of the provider's choice from any two (2) or more of the domains to the extent the points have not otherwise been taken into consideration in determining if the provider meets the requirements necessary to attain a STARS Level 5 quality-rating certificate; and

(c) Completion of an environment assessment conducted by the cabinet or its designee with a minimum score of five (5) per classroom.

(7) A provider applying for a Level 2 through 5 shall:

(a) Not have an immediate closure, denial of re-licensure or recertification, directed plan of correction, suspension, or revocation action against the provider's license or certificate; and

(b) Pay in full any civil penalty levied against the child-care center if the:

1. Child-care center has waived the right to appeal a civil penalty; or

2. Civil penalty has been upheld on appeal.

Section 5. Kentucky All STARS Awards. (1) To the extent funds are available, the cabinet shall pay a qualified provider:

(a) An initial achievement award;

(b) An annual quality award; or

(c) A subsidy enrollment award.

(2) The cabinet shall initiate an achievement award payment within thirty (30) calendar days from determination of the provider's rating.

(3) The cabinet shall send a remittance statement to the child care provider detailing the provider's:

(a) Name;

(b) Location;

(c) License or certification number;

(d) STARS level;

(e) STARS certificate's expiration date;

(f) Award calculation; and

(g) Award issuance date.

(4) A STARS initial achievement award shall be awarded to a Type I child-care center the first time that the provider achieves a STARS level in accordance with the following chart:

Type I Child-Care Centers Initial Achievement Award	
KY All STARS Level	Amount
2	\$500
3	\$1,500
4	\$3,000
5	\$5,000

(5) A STARS initial achievement award shall be awarded to a Type II child-care center or certified family child-care home the first time the provider achieves a STARS level in accord-

ance with the following chart:

Type II Child-Care Centers and Certified Family Child-Care Homes Initial Achievement Award	
KY All STARS Level	Amount
2	\$250
3	\$750
4	\$1,500
5	\$2,500

(6) Upon verification of level from the quality review process pursuant to Section 6 of this administrative regulation, a Type I child-care center that continues to be a STARS Level 2, 3, 4, or 5 shall be eligible for an annual quality award during the renewal month in accordance with the following chart:

Type I Child-Care Centers Annual Quality Award	
KY All STARS Level	Amount
2	\$300
3	\$900
4	\$1,800
5	\$3,000

(7) Upon verification of level from the quality review process pursuant to Section 6 of this administrative regulation, a Type II child-care center or certified family child-care home that continues to be a STARS Level 2, 3, 4, or 5 provider shall be eligible for an annual quality award during the renewal month in accordance with the following chart:

Type II Child Care Center and Certified Family Child-Care Homes Annual Quality Award	
KY All STARS Level	Amount
2	\$150
3	\$450
4	\$900
5	\$1,500

(8) Subsidy Enrollment Award for a Type I Child-Care Center. (a) A subsidy enrollment award shall be calculated and paid based on a Type I child-care center's STARS level and the average enrollment of CCAP-eligible children served by the child-care center.

(b) A Type I child-care center shall be eligible for a subsidy enrollment award if the center has a STARS Level 3 through 5.

(c) The cabinet shall determine the average monthly enrollment of CCAP-eligible children by dividing the cumulative total number of CCAP-eligible children served by the Type I child-care center each month by the months that the center was in operation following the center's last STARS issue date or renewal month, whichever is later, by the same number of months.

(d) The cabinet shall make a subsidy enrollment award to a Type I child-care center in accordance with the following chart:

Type I Child-Care Center Subsidy Enrollment Award		
Kentucky All STARS Level	Child Under 3 Years of Age	Child Age 3 Years and Over
	Amount Per CCAP Child Per Month Based on Average	

3	\$25	\$23
4	\$35	\$33
5	\$45	\$43

(e) The cabinet shall calculate and pay a subsidy enrollment award to a Type I child-care center annually.

(9) Subsidy Enrollment Award for a Type II Child-Care Center or Certified Family Child-Care Home.

(a) A subsidy enrollment award shall be calculated and paid based on a Type II child-care center or certified family child-care home STARS level and the average enrollment of CCAP-eligible children served by the Type II child-care center or certified family child-care home.

(b) A Type II child-care center or certified family child-care home shall be eligible for a subsidy enrollment award if the center has a STARS Level 3 through 5.

(c) The cabinet shall determine the average monthly enrollment of CCAP-eligible children by dividing the cumulative total number of CCAP-eligible children served by the Type II child-care center or certified family child-care home each month by the months that the center was in operation following the center's last STARS issue date or renewal month, whichever is later, by the same number of months.

(d) The cabinet shall make a subsidy enrollment award to a Type II child-care center or certified family child-care home in accordance with the following chart:

Type II Child-Care Center and Certified Family Child-Care Home Subsidy Enrollment Award		
Kentucky All STARS Level	Child Under 3 Years of Age	Child Age 3 Years and Over
	Amount Per CCAP Child Per Month Based on Average	
3	\$20	\$18
4	\$30	\$28
5	\$40	\$38

(e) The cabinet shall calculate and pay a subsidy enrollment award to a Type II child-care center or certified family child-care home annually.

Section 6. Annual Quality Review for Level 2 through 5. (1) During the three (3) year STARS certification period, a child care provider shall annually verify the provider's STARS level during the provider's renewal month.

(2) A provider with a STARS Level 2 through 5 shall verify the provider's continued adherence to the level's standards pursuant to Sections 3 and 4 of this administrative regulation by completing the DCC-434, Kentucky All STARS Annual Quality Review.

(3) The cabinet shall utilize the cabinet-designated database maintained pursuant to 922 KAR 2:240 to verify continued compliance with professional development standards in accordance with Sections 3 and 4 of this administrative regulation.

(4) A provider that does not evidence sustained adherence to the standards pursuant to Sections 3 and 4 of this administrative regulation shall undergo a reevaluation of the provider's rating as detailed in Section 8 of this administrative regulation.

(5) The cabinet shall reduce the STARS level for a provider that fails to submit the DCC-434 in accordance with this section to a STARS Level 1.

Section 7. Renewal of a Quality Rating Certificate for Levels 2 through 5. (1) The cabinet or its designee shall notify a provider at least ninety (90) calendar days in advance of the expiration date for the provider's STARS certificate.

(2) A provider shall complete the application for Levels 2 through 5 as established in Section

3 of this administration regulation.

(3) The cabinet shall determine a provider's STARS level based upon the standards specified in Sections 3 and 4 of this administrative regulation.

Section 8. Reevaluation. (1) The cabinet or its designee shall reevaluate a provider's STARS level if the:

- (a) Provider's location of child care services changes;
 - (b) Provider requests a reevaluation in accordance with Section 3(5) of this administrative regulation;
 - (c) Provider does not detail sustained adherence to the standards pursuant to Section 6 of this administrative regulation;
 - (d) Cabinet or its designee determines a need to reassess due to a report or finding indicating a reduction in the provider's quality of care and services, including:
 - 1. Failure to make payment arrangements for a civil penalty within sixty (60) calendar days and comply with that arrangement if:
 - a. The child-care center waived the right to appeal the civil penalty; or
 - b. The civil penalty has been upheld on appeal;
 - 2. Failure to comply with the requirements of 922 KAR 2:160; or
 - 3. Two (2) or more civil penalties with the severity levels of Type A violation against the child-care center in a twelve (12) month period pursuant to 922 KAR 2:190; or
 - (e) Ownership of a participating provider changes.
- (2) The cabinet shall notify the provider within thirty (30) calendar days of the need to undergo a reevaluation.
- (3) A provider shall submit a DCC-432 and evidence documentation within thirty (30) calendar days of the cabinet notice provided in accordance with subsection (2) of this section.
- (4) The cabinet or its designee shall conduct an environment assessment for Levels 3 through 5 pursuant to Section 3 of this administration regulation.
- (5) The cabinet shall:
- (a) Issue results of its reevaluation in accordance with Section 3(3) of this administrative regulation; and
 - (b) Adjust awards made pursuant to Section 5 of this administrative regulation based upon the provider's STARS level resulting from the reevaluation in accordance with this section.

Section 9. Conditions Requiring Revocation. (1) The cabinet or its designee shall revoke a provider's STARS certificate if the provider is:

- (a) Subject to immediate closure pursuant to KRS 13B.125 and 199.896(4);
 - (b) Subject to denial of:
 - 1. Regular licensure or re-licensure in accordance with 922 KAR 2:090; or
 - 2. Recertification in accordance with 922 KAR 2:100; or
 - (c) Pending suspension or revocation action.
- (2) Upon revocation of a provider's STARS certificate, awards in accordance with Section 5 of this administrative regulation shall cease.

Section 10. Appeals. (1) If the cabinet or its designee determines that a provider does not meet the standards for the STARS level for which the provider is certified, a provider shall:

- (a) Accept a lower rating level; or
 - (b) Request an administrative hearing in accordance with 922 KAR 2:260.
- (2) Payment of an award in accordance with Section 5 of this administrative regulation shall be held in abeyance pending resolution of appeal of a rating level.

(3) The cabinet shall assign the provider the appropriate STARS level based on the resolution of the appeal.

Section 11. Incorporation by Reference. (1) The following material is incorporated by reference:

- (a) "DCC-430, Kentucky All STARS Quality Rating Summary Report", 4/18;
- (b) "DCC-431, Kentucky All STARS Standards of Quality", 4/18;
- (c) "DCC-432, Kentucky All STARS Standards of Quality Verification Checklist", 4/18;
- (d) "DCC-433, Kentucky All STARS Opt-Out Request", 4/18; and
- (e) "DCC-434, Kentucky All STARS Annual Quality Review", 4/18.

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Department for Community Based Services, 275 East Main Street, Frankfort, Kentucky 40621, Monday through Friday, 8 a.m. to 4:30 p.m.

ADRIA JOHNSON, Commissioner

SCOTT W. BRINKMAN, Acting Secretary

APPROVED BY AGENCY: April 5, 2018

FILED WITH LRC: April 13, 2018 at 10 a.m.

PUBLIC HEARING AND PUBLIC COMMENT PERIOD: A public hearing on this administrative regulation shall, if requested, be held on May 21, 2018, at 9:00 a.m. in Suites A & B, Health Services Building, First Floor, 275 East Main Street, Frankfort, Kentucky 40621. Individuals interested in attending this hearing shall notify this agency in writing by May 14, 2018, five (5) workdays prior to the hearing, of their intent to attend. If no notification of intent to attend the hearing is received by that date, the hearing may be canceled. This hearing is open to the public. Any person who attends will be given an opportunity to comment on the proposed administrative regulation. A transcript of the public hearing will not be made unless a written request for a transcript is made. If you do not wish to be heard at the public hearing, you may submit written comments on this proposed administrative regulation until May 31, 2018. Send written notification of intent to attend the public hearing or written comments on the proposed administrative regulation to the contact person. Pursuant to KRS 13A.280(8), copies of the statement of consideration and, if applicable, the amended after comments version of the administrative regulation shall be made available upon request.

CONTACT PERSON: Laura Begin, Legislative and Regulatory Analyst, Office of Legislative and Regulatory Affairs, 275 East Main Street 5 W-A, Frankfort, Kentucky 40621, phone 502-564-6746, fax 502-564-2767, email Laura.Begin@ky.gov.

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Contact Persons: Elizabeth Caywood, phone (502) 564-3703, email Elizabeth.Caywood@ky.gov, and Laura Begin

(1) Provide a brief summary of:

(a) What this administrative regulation does: This new administrative regulation establishes the Kentucky All STARS Program, a quality-based graduated early childhood rating system, and monetary incentive awards for licensed child-care centers and certified family child-care homes, to the extent funding is available.

(b) The necessity of this administrative regulation: This administrative regulation is necessary to establish the Kentucky All STARS Program, a quality-based graduated early childhood rating system, and monetary incentive awards for licensed child-care centers and certified family child-care homes, contingent upon available funding.

(c) How this administrative regulation conforms to the content of the authorizing statutes: This administrative regulation conforms to the content of the authorizing statutes through its establishment of the Kentucky All STARS Program, a quality-based graduated early childhood rating system, and monetary incentive awards for licensed child-care centers and certified family child-care homes, to the extent funding is available.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This new administrative regulation will assist in the effective administration of the statutes through its establishment of the Kentucky All STARS Program, a quality-based graduated early childhood rating system, and monetary incentive awards for licensed child-care centers and certified family child-care homes, to the extent funding is available.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation: This is a new administrative regulation.

(b) The necessity of the amendment to this administrative regulation: This is a new administrative regulation.

(c) How the amendment conforms to the content of the authorizing statutes: This is a new administrative regulation.

(d) How the amendment will assist in the effective administration of the statutes: This is a new administrative regulation.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: As of March 14, 2018, there were 1,930 licensed child-care centers and 260 certified family child-care homes eligible to participate in the Kentucky All STARS Program. Forty-five (45) percent of participating providers were participating at high quality levels. In accordance with the No-Cost Extension for the Race To the Top-Early Learning Challenge Grant, the state's goal is 45% participation of licensed and certified early care providers at high quality levels by December 21, 2018.

(4) Provide an analysis of how the entities identified in question (3) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment: Child care providers receiving public funds are mandated to participate in Kentucky All STARS pursuant to KRS 199.8943. Providers may participate at STARS Level 1 by meeting licensure or certification requirements and can participate at STARS Levels 2-5 through an application and an environment assessment.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3): Child care providers can participate in Kentucky All STARS by meeting licensure or certification requirements and minimum health and safety requirements to operate in the state. Providers choosing to participate at higher levels of Kentucky All STARS will absorb the cost associated with completed application, environment assessment, and the standards of quality. Federal Race to the Top-Early Learning Challenge Grant funds have been temporarily available to subsidize training materials, curriculum associated with high quality standards, and overall programmatic costs. Moving forward, providers participating in the Kentucky All STARS will have available technical assistance, support, and incentive awards under the program to offset the cost associated with providing high quality child care to Kentucky's children.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3): Licensed child-care centers' and certified family child-care homes' efforts to effect high

quality child care environment will be supported and incentivized, thereby improving early care and education for Kentucky's children. The program, including its incentive awards, has also been structured to support the state's compliance with the purposes of the Child Care and Development Fund Block Grant, the state's major federal fund source for child care services, including the Child Care Assistance Program, specifically 42 U.S.C. 9857(a)(5) and (7).

(5) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:

(a) Initially: The department has secured federal Race to the Top-Early Learning Challenge Grant funds to assist with initial implementation and support to child care providers. The grant totaled upwards of \$36 million over a four-year period for these efforts.

(b) On a continuing basis: The department will absorb costs associated with implementation of the Kentucky All STARS Program within agency appropriations. Upon repeal of 922 KAR 2:170 and 922 KAR 2:210 governing the current voluntary STARS for KIDS NOW Program, funding currently used for the STARS for KIDS NOW Program will be directed to the Kentucky All STARS Program. In accordance with 42 U.S.C. 9858e, the state must reserve and use a percentage of the federal Child Care and Development Fund Block Grant for activities relating to the quality of child care. Ongoing costs are projected to be \$7 million annually.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: Initial implementation and enforcement of this administrative regulation will include the use of federal Race to the Top-Early Learning Challenge Grant funds. Tobacco dollars, the federal Child Care and Development Fund Block Grant, and state and agency funds will support the ongoing implementation and enforcement of this administrative regulation.

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: There is no increase in fees or funding necessary to implement this administrative regulation. Implementation and enforcement of this administrative regulation will be within agency appropriations. The program's incentive awards are contingent upon available funding.

(8) State whether or not this administrative regulation established any fees or directly or indirectly increased any fees: This administrative regulation does not directly or indirectly establish or increase any fees.

(9) TIERING: Is tiering applied? Tiering is not applied, because this administrative regulation will be applied in a like manner statewide.

FEDERAL MANDATE ANALYSIS COMPARISON

1. Federal statute or regulation constituting the federal mandate.

45 C.F.R. 98, 42 U.S.C. 601-619, 9857-9858q

2. State compliance standards. KRS 194A.050(1), 199.8941(1), 199.8943(3)

3. Minimum or uniform standards contained in the federal mandate. 45 C.F.R. 98, 42 U.S.C. 601-619, 9857-9858q

4. Will this administrative regulation impose stricter requirements, or additional or different responsibilities or requirements, than those required by the federal mandate? This administrative regulation does not impose stricter requirements, or additional or different responsibilities or requirements, than those required by the federal mandate.

5. Justification for the imposition of the stricter standard, or additional or different responsibilities or requirements. This administrative regulation does not impose stricter requirements, or additional or different responsibilities or requirements, than those required by the federal mandate.

FISCAL NOTE ON STATE OR LOCAL GOVERNMENT

(1) What units, parts, or divisions of state or local government (including cities, counties, fire departments, or school districts) will be impacted by this administrative regulation? The Cabinet for Health and Family Services will be impacted by this administrative regulation. Quasi-governmental entities, local governments, and school districts operating or funding a licensed child-care center will be impacted by this administrative regulation. The Kentucky Department of Education may be indirectly impacted by this administrative regulation due to the application of KRS 199.8943 to public preschool. The Governor's Office of Early Childhood will be impacted due to its statutory roles pertaining to early care and education.

(2) Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation. KRS 194A.050, 199.8941, 199.8943, 45 C.F.R. 98, 42 U.S.C. 601-619, 9857-9858q

(3) Estimate the effect of this administrative regulation on the expenditures and revenues of a state or local government agency (including cities, counties, fire departments, or school districts) for the first full year the administrative regulation is to be in effect.

(a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year? This administrative regulation will generate no revenue in its first year.

(b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years? This administrative regulation will not directly generate any new revenue for subsequent years.

(c) How much will it cost to administer this program for the first year? The administration of this program is projected to fall within available federal and state appropriations and to cost \$7 million annually.

(d) How much will it cost to administer this program for subsequent years? The administration of this program is projected to fall within available federal and state appropriations and to cost \$7 million annually.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Revenues (+/-):

Expenditures (+/-):

Other Explanation: